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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

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WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

IN THE MATTER OF THE APPLICATION)
OF NACO WATER COMPANY, L.L.C., FILING)
FOR APPROVAL FOR A CURTAILMENT)
PLAN TARIFF FOR ITS SYSTEM)

DOCKET NO. W-02860A-01-0430

DECISION NO. 62916

ORDER

Open Meeting
July 24 and 25, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On June 4, 2001, Naco Water Company, L.L.C., ("Naco") filed an application with the Commission requesting approval of a curtailment plan.

2. Naco is a public service corporation which provides water utility service to the public in a portion of Cochise County

3. Naco has 4 wells and serves 358 customers south of Bisbee, Arizona.

4. Naco is requesting approval of a Curtailment Tariff. The purpose of this tariff is to establish guidelines to restrict the water use of customers at times when Naco is experiencing a water shortage emergency.

5. The curtailment tariff proposed by Naco would work in stages as follows:

Stage 1 Exists When:

- a. The Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment restrictions are necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

1 Stage 2 Exists When:

- 2 a. The Company's total storage and well production has been less than 80 percent
3 of capacity for at least 48 hours consecutive hours, and
- 4 b. The Company has identified issues such as steadily declining water table, an
5 increased draw-down threatening pump operations, poor water production
6 creating a reasonable belief the Company will be unable to meet anticipated
7 water demands in the system.

8 Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ
9 water conservation measures to reduce water consumption by approximately 50 percent.
10 Outside watering should be limited to essential water, dividing outside watering on some
11 uniform basis (such as even and odd days) and eliminating outside watering on weekends and
12 holidays.

13 Notice Requirements: Under Stage 2, the Company is required to notify customers by
14 delivering written notice door to door at each address, or by United States first class mail to
15 the billing address or, at the Company's option, both. Such Notice shall notify the customers
16 of the general nature of the problem and the need to conserve water.

17 Stage 3 Exists When:

- 18 a. The Company's total storage and well production has been less than 50 percent
19 for at least 24 consecutive hours. The Company has identified issues such as
20 a steadily declining water table, and increased draw down threatening pump
21 operations creating a reasonable belief the Company will be unable to meet
22 anticipated water demand on a sustain basis. The Company must rely on an
23 emergency connection with the City of Tucson to augment the minimum needs
24 of the customers.

25 Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ
26 water conversation measures to reduce daily consumption by approximately 50 percent. All
27 outside watering should be eliminated, except livestock, and indoor water conservation
28 techniques should be employed wherever possible.

29 Notice Requirements:

- 30 a. The Company is required to notify customers by delivering written notice to
31 each service address, or by United States first class mail to the billing address
32 or, at the Company's option, both. Such Notice shall notify the customers of
33 the general nature of the problem and the need to conserve water.
- 34 b. Beginning with Stage 3, the Company shall post at least two signs showing
35 curtailment stage. Signs shall be posted at the well site and at the entrance to
36 the major subdivision served by the Company.

- 1 c. Company shall notify the Consumer Services Unit of the Utilities Division of
2 the Commission at least 12 hours prior to entering Stage 3.

3 Stage 4 Exists:

- 4 a. Company's total storage has been less than 25 percent for at least 12
5 consecutive hours. The Company has identified issues such as a steadily
6 declining water table, and increased draw down threatening pump operations
7 creating a reasonable belief the Company will be unable to meet anticipated
8 water demand on a sustained basis. The Company must rely on an emergency
9 connection with the City of Tucson to augment the minimum needs of the
10 customers.

11 Restrictions: Under Stage 4, the Company shall inform the customers of a mandatory
12 restriction to employ water conservation measures to reduce daily consumption. All outside
13 watering should be eliminated, except livestock, and indoor water conservation techniques
14 should be employed wherever possible. Failure to comply will result in temporary
15 disconnection.

16 Notice Requirements:

- 17 a. The Company is required to notify customers by delivering written notice to
18 each service address, or by United States first class mail to the billing address
19 or, at the Company's option, both. Such Notice shall notify the customers of
20 the general nature of the problem and the need to conserve water.
- 21 b. The Company shall have posted at least two signs showing curtailment stage.
22 Signs shall be posted at the well site and at the main entrance to the major
23 subdivision served by the Company.
- 24 c. The Company shall notify the Consumer Services Unit of the Utilities Division
25 of the Commission at least 12 hours prior to entering Stage 4.
- 26 d. Customers who fail to comply with cessation of outdoor use provisions will be
27 given a written notice to end all outside use. Failure to comply within two (2)
28 working days of receipt of the notice will result in temporary loss of service
until an agreement can be made to end unauthorized use of outside water. To
restore service, the customer shall be required to pay all authorized
reconnection fees.

6. Staff agrees with Naco that it needs a curtailment mechanism in place and finds it to
be in the public interest. Therefore, Staff recommends approval of the curtailment plan filed by Naco
with the following modifications:

- a. The word "and" should be inserted before the word "poor" in paragraph "b"
under Stage 2.

- 1 b. Under Stage 3 there should be a paragraph "a" and "b". Paragraph "a" should
2 be the first sentence as currently written under Stage 3. Paragraph "b" should
3 be the same as paragraph "b" under Stage 2. The reference to the City of
4 Tucson should be eliminated.
- 5 c. For the Notice Requirements under Stage 3, the word "Unit" should be replaced
6 with the word "Section" in paragraph "c". A sentence should be added to
7 paragraph "c" that states, "In addition, the Company shall inform the Consumer
8 Services Section of the Company's plans to correct the water shortage problem
9 and how long the Company expects to remain in Stage 3."
- 10 d. Under Stage 4 there should be a paragraph "a" and "b". Paragraph "a" should
11 be the first sentence as currently written under Stage 4. Paragraph "b" should
12 be the same as paragraph "b" under Stage 2. The reference to the City of
13 Tucson should be eliminated.
- 14 e. For the Notice Requirements under Stage 4, the word "Unit" should be replaced
15 with the word "Section" in paragraph "c". Two sentences should be added to
16 paragraph "c" that state, "In addition, the Company shall inform the Consumer
17 Services Section of the Company's plans to correct the water shortage problem
18 and how long the Company expects to remain in Stage 4. The Company shall
19 immediately notify the Consumer Services Section when the Stage 4
20 restrictions are lifted."

21 7. Staff further recommends that this curtailment procedure become part of Naco's
22 Arizona Department of Environmental Quality Emergency Operations Plan.

23 8. Staff further recommends that during the period when these water usage restrictions are
24 effective, Naco's tariff reconnection rate shall apply to any service terminated for failure to comply
25 with the curtailment conditions during Stage 4.

26 9. Staff further recommends that Naco file with the Utilities Compliance Section a copy
27 of the curtailment tariff as approved by the Commission within thirty (30) days of the effective date
28 of the Commission's decision in this matter. Staff further recommends that the curtailment tariff not
29 become effective until the final tariff is filed with the Compliance Section and verified for accuracy
30 by Staff.

31 10. Staff further recommends that the Company notify all of its customers of this new tariff
32 within thirty (30) days of the effective date of this decision and file an affidavit with the Compliance
33 Section within forty (40) days of the effective date of this decision verifying that notice has been sent
34 to the customers.

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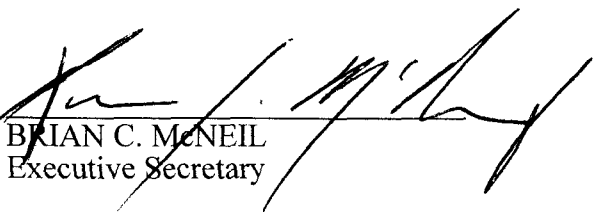
1 IT IS FURTHER ORDERED that Naco Water Company, L.L.C., shall notify its customers of
2 the curtailment plan within thirty (30) days of the effective date of this decision and file an affidavit
3 with the Compliance Section within forty (40) days of the effective date of this decision verifying that
4 notice has been sent to the customers.

5 IT IS FURTHER ORDERED that this Decision become effective immediately.

6 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

7 
8 CHAIRMAN  COMMISSIONER  COMMISSIONER

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
10 Secretary of the Arizona Corporation Commission, have
11 hereunto, set my hand and caused the official seal of this
12 Commission to be affixed at the Capitol, in the City of
13 Phoenix, this 6th day of August, 2001.

14 
15 BRIAN C. McNEIL
16 Executive Secretary

17 DISSENT: _____

18 DRS:RSK:bsl/JMA
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1 SERVICE LIST FOR: Naco Water Company, L.L.C.

2 DOCKET NO. W-02860A-01-0430

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